



# Scheme of Arrangement and Rationale Neuland Laboratories

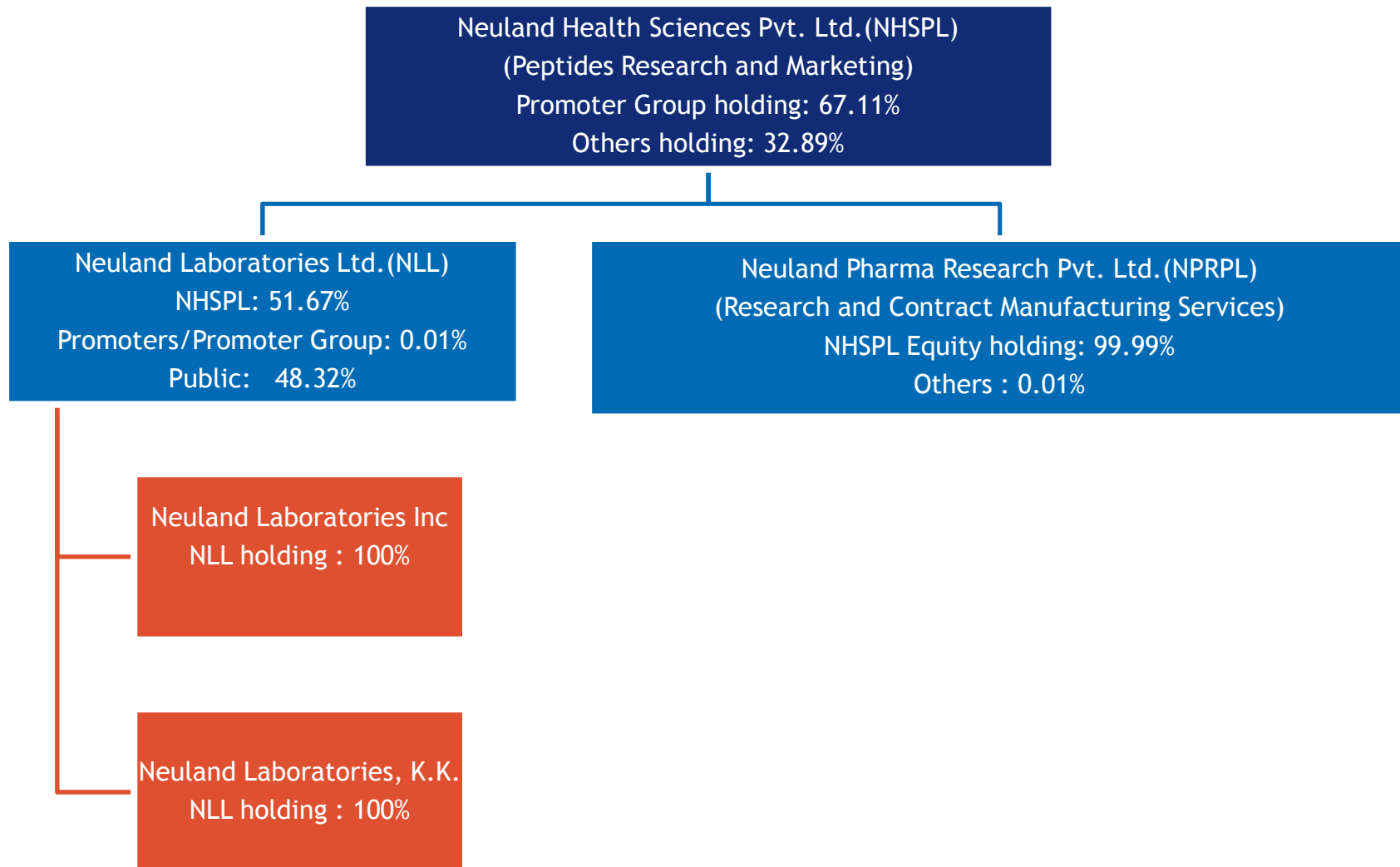
BSE CODE : 524558 | NSE SYMBOL : NEULANLAB | BLOOMBERG: NLL:IN | REUTERS: NEUL.NS

# Safe Harbour

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Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

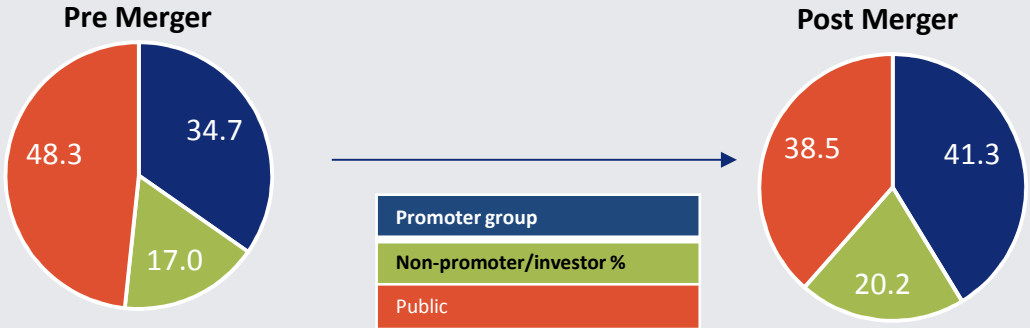
# Current Group Structure



# Transaction Structure

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# Transaction Structure

<b>Appointed Date</b>	<b>April 1<sup>st</sup>, 2016</b>												
<b>Terms</b>	<p><b>Scheme to involve share exchange</b></p> <ul style="list-style-type: none"> <li>552 equity shares of NLL for every 1000 equity shares of NHSPL*</li> <li>410 equity shares of NLL for every 100 equity shares of NPRPL^</li> <li>Intercompany shareholding will be cancelled#</li> </ul>												
<b>Shareholding (pre merger and post merger) %</b>	 <table border="1"> <thead> <tr> <th>Category</th> <th>Pre Merger (%)</th> <th>Post Merger (%)</th> </tr> </thead> <tbody> <tr> <td>Promoter group</td> <td>34.7</td> <td>41.3</td> </tr> <tr> <td>Non-promoter/investor %</td> <td>17.0</td> <td>20.2</td> </tr> <tr> <td>Public</td> <td>48.3</td> <td>38.5</td> </tr> </tbody> </table>	Category	Pre Merger (%)	Post Merger (%)	Promoter group	34.7	41.3	Non-promoter/investor %	17.0	20.2	Public	48.3	38.5
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<b>Expected Closure</b>	<b>The transaction is expected to close by Q2 of Fiscal 2018</b>												

\*552 (Five hundred and fifty only) equity shares of NLL of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of NHSPL of Rs.10/- each fully paid-up based on the subdivision of Share Capital of NHSPL (as envisaged in the Scheme) of Rs.12.43 crores consisting of 1,24,29,520 equity shares of face value of Rs.10/- each fully paid up.

^410 (Four hundred and ten only) equity shares of NLL of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of NPRPL of Rs.10/- each fully paid-up.

#NHSPL holds shares in its subsidiaries, NLL and NPRPL, and the intercompany shareholding will be cancelled and new shares of NLL will be allotted to shareholders of NHSPL and balance shareholders of NPRPL as on the Record Date

% Refer annexure for full details, the non-promoter/investor is a shareholder of NHSPL and post the approval of scheme, it will become part of public shareholders of NLL

# Rationale of Scheme

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- The amalgamation will build **more stronger and sustainable business** and enhance the potential for future growth.
- Combined entity with **strong financials** will have greater access to sources of funds, improved cash flows and increased net worth.
- **Consolidation** of intellectual property, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail **additional tax benefits for in house R&D**
- **Cost savings** from utilizing the combined facilities of all the three entities with more focus on operational efforts and simplification of business processes
- **Elimination of intercompany transactions** costs, usage of common resource pool like human resource, administration, accounts, legal amongst others
- **Operational convenience** in terms of execution of contracts and provision of related services
- **Improved relationship with customers**, as the combined post amalgamation entity would become an end-to-end API solution provider

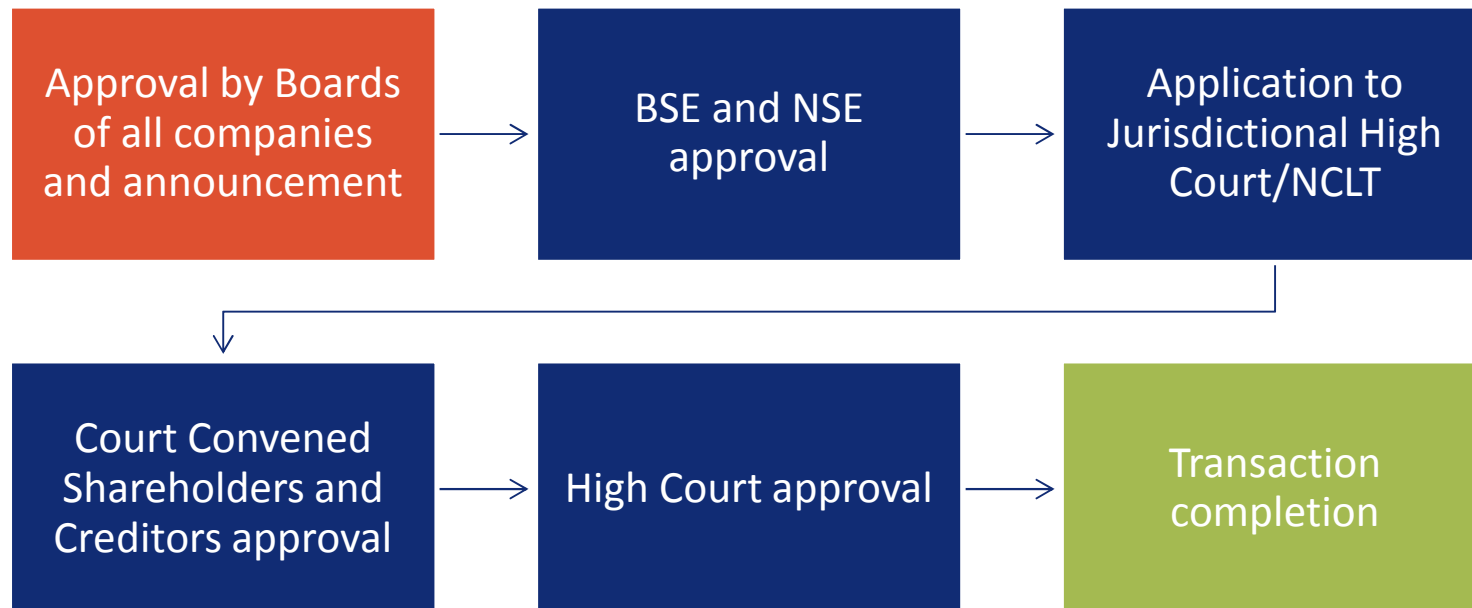
# Valuation Overview

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- Valuation analysis has been undertaken by independent Valuation firm, **Deloitte Haskins & Sells**
  
- Valuation methodology based on commonly used and accepted methods to the extent relevant and applicable including
  - Comparable Companies Multiples method / Earnings Capitalisation Value method
  - Value based on market quotes as available from recognised stock exchanges
  - Discounted cash flow method
  - Net Asset Value method
  
- Valuation methodology takes into account the trailing twelve months and future profitability of the companies, contracts with customers etc.
  
- Fairness Opinion has been given by **SBI Caps**

# Expected Timelines

Q3 FY17

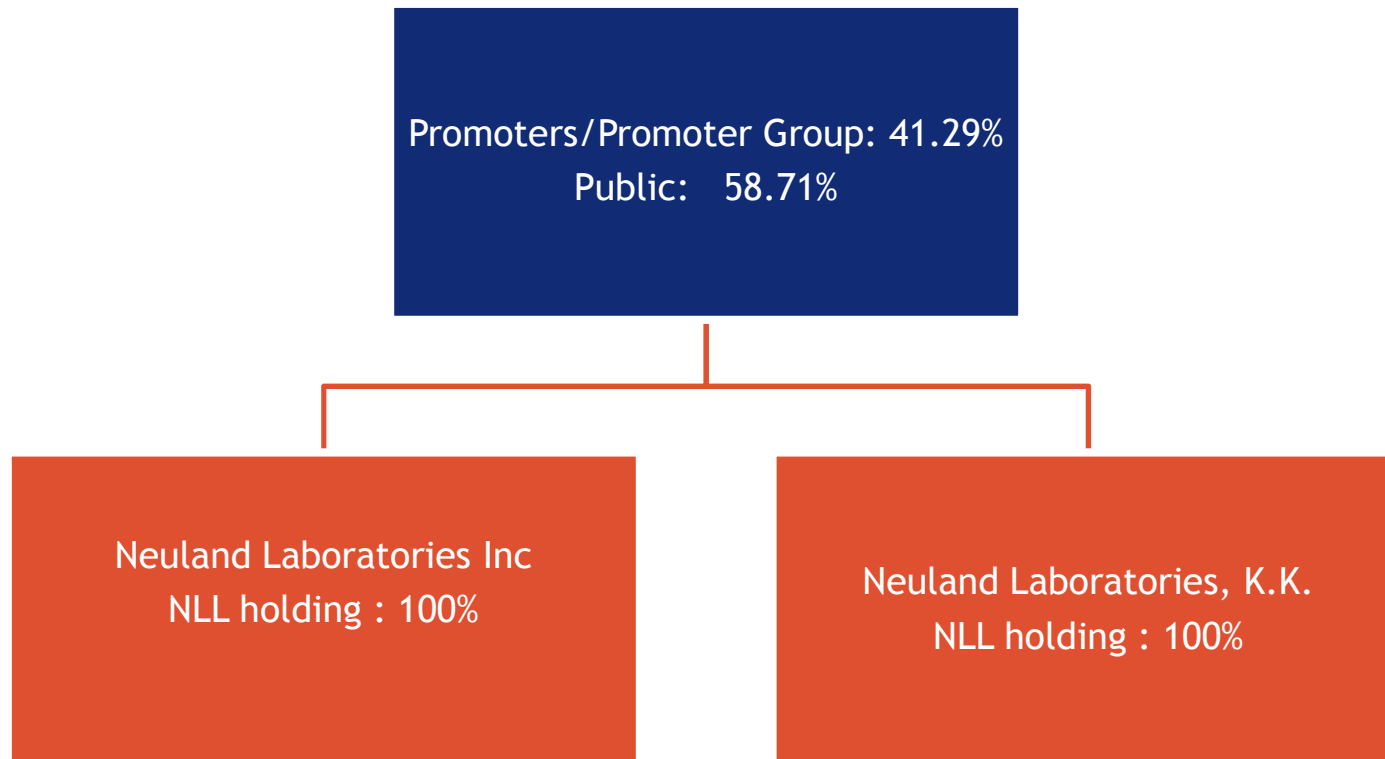


Expected by Q2 FY18



# Post Merger Structure

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**More stronger and sustainable organization with enhanced potential for future growth**

# Annexure

# Pre and post merger shareholding

Sl. No	Category of Shareholder	Pre-merger %	Post merger %
<b>1</b>	<b>Promoter &amp; Promoter Group (a+b)</b>	<b>51.68</b>	<b>41.29</b>
	a. Neuland Health Sciences Private limited	51.67	-
	- Promoters & Promoter Group individuals	34.68	-
	- Non-Promoters	17.00	-
	b. Promoters & Promoter Group individuals	0.01	41.29
<b>2</b>	<b>Public (c+d)</b>	<b>48.32</b>	<b>58.71</b>
	c. Public	48.32	38.48
	d. Non-promoters of NHSPL & NPRPL	-	20.23
	<b>Total (1+2)</b>	<b>100.00</b>	<b>100.00</b>
	<b>Total number of outstanding shares</b>	<b>8,884,254</b>	<b>11,154,889</b>

# Thank You

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